



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

May 24, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Russ Guiney
Director

SUBJECT: **EL CARISO GOLF COURSE**

On May 29, 2012, the Department of Parks and Recreation (DPR) intends to recommend to your Board a five year operating lease with American Golf Company (AGC) for the operation of the El Cariso Golf Course (El Cariso), which is in the Third Supervisorial District. While the Department believes the recommended agreement with AGC will benefit the County and its residents, there are existing issues with the current operator, Zeke Avila & Sons, Inc., DBA Avila Golf Management (Avila), which we feel important to bring to your attention.

Upon the death of the Chief Executive Officer of Avila, in June 2010, the company entered into probate and the Trust appointed Western Golf Properties, LLC (Western) as the managing agent of El Cariso. Recently, DPR was notified by the Trust that it directed Western to cease operations at El Cariso, effective May 31, 2012. In order to protect El Cariso, minimize risk to the County and ensure the continued high quality operation of this public golf course for the benefit and enjoyment of our constituents and the public in general, it is essential for DPR to obtain a reputable replacement lessee prior to the Western's departure on May 31, 2012. All of the County's 19 golf courses are operated by management lessees. Accordingly, DPR is not resourced to simply step-in and takeover the operation as it would be able to do, if, for example, a grounds maintenance company defaulted on its contract. One of our operators, AGC has submitted a proposal to operate El Cariso on a short term basis, while DPR focuses on releasing a competitive solicitation for a long term operator. We believe that AGC's proposal is fair and reasonable given the situation and it has been cleared by the CEO and approved as to form by County Counsel.

Each Supervisor
May 24, 2012
Page 2

While the continued operation of El Cariso will be resolved through a short term agreement with AGC, DPR will now focus on the collection of unpaid rents from Avila. Specifically, in March 2010, Avila ceased paying rent to the County. At that time, Avila had operated El Cariso for 27 years consistent with the terms of the lease. Therefore, in July 2010, DPR entered into discussions with Avila as to a repayment plan. However, despite good faith negotiations, no additional rent was paid to the County with the exception of the months of February through May 2011. In November 2011, a Letter of Default was sent to Avila. In April 2012, Avila notified the County that it would cease operations at El Cariso effective May 31, 2012. The current past rent due owed to the County is approximately \$892,000, of which this amount does not include late fee charges.

DPR has conducted numerous discussions with the Trust regarding back payment of rents due to the County and will continue to do so. Moreover, on February 2, 2011, DPR's Counsel attended a probate court hearing regarding the Trust. DPR's Counsel filed a Request for Special Notice so as to advise the court of the fact the County has a financial interest in the case. In addition, DPR is considering recommending additional legal proceedings in an attempt to collect monies owed.

Due to a downturn in the economy and the golf industry, there are currently five additional golf courses delinquent in their rent payments to DPR. All of the facilities have been issued letters of default. Moreover, DPR recently released an Invitation for Bid for two of the properties, with the intent to have a new operator for both properties in place on October 1, 2012. Additionally, DPR has commenced a market analysis study for rent renegotiations for two additional facilities in order to possibly adjust the rent terms. This rent adjustment is permitted through the lease agreements and DPR believes that this action is warranted as revenues generated at these facilities cannot support the present rent structures. The fifth property is on a month-to-month lease and DPR will issue a Request for Proposal as soon as it is feasible.

Should you have questions, please contact John Wicker, Chief Deputy Director at (213) 738-3303.

RG:JW:ram

c: Chief Executive Office (W.T Fujioka, R. Robinson, J. Takata)
County Counsel (C. Salseda)
Park Deputies
Parks and Recreation (R. Maycumber, J. Badel)